



Ontario Power Authority

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## VIA COURIER AND E:MAIL

January 12, 2007

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

Ontario Energy Board	
FILE No.	EB-2013-0326
EXHIBIT No.	K2
DATE	Oct 7, 2014
	08/99

**Re: Ontario Power Authority  
2007 Expenditure and Revenue Requirements Submission  
Ontario Energy Board File No. EB-2006-0233**

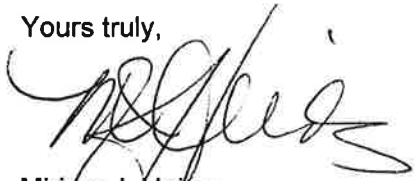
The OPA is hereby filing responses to undertakings from the Technical Conference of January 8<sup>th</sup> and 9<sup>th</sup>. As well, new evidence is being filed which proposes a 2007 Forecast Variance Deferral Account be established to capture revenue variances for disposition in the context of the OPA's 2008 Revenue Requirement Submission (Exhibit D, Tab 3, Schedule 4).

The table below lists the material being filed today including the exhibits handed out at the Technical Conference which comprise the attachments.

	<u>Exhibit</u>	<u>Version</u>	<u>Pages Filed</u>	<u>Table of Contents</u>
1	A-3-1	Updated	3, 4	Exhibit List
2	A-8-1	New	All	List of Witnesses
3	A-8-2	New	All	CVs of Witnesses
4	D-3-1	Updated	5	Deferral Accounts
5	D-3-4	New	All	Forecast Variances
6	E-1-1 to 19	New	All	Undertaking Responses
7	TC-1 to 7	New	All	Technical Conference – Exhibits

Ms. Kirsten Walli  
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Yours truly,

A handwritten signature in black ink, appearing to read 'M. Heinz', written over a circular stamp.

Miriam J. Heinz  
Regulatory Coordinator

Att. (10 copies by courier, pdf versions via e:mail)

cc: Mr. Fred Cass, Aird & Berlis, Counsel for the OPA (by e-mail and courier))  
EB-2006-0233 Intervenors (via e:mail and courier)

### FORECAST VARIANCES

1. Because the OPA's revenue requirement is approved by the Board on a forecast basis, it is to be expected that there will generally be some variance between actual expenses and the Board-approved revenue requirement. As far as 2006 is concerned, the total expenses of the OPA will exceed the revenue requirement approved by the Board for 2006, but a final determination of the amount of the variance has not yet been made.
2. If the final determination of the 2006 cost variance is available for the Board's consideration in the context of this revenue requirement submission, then that variance could be incorporated into the 2007 revenue requirement. Alternatively, the 2006 variance could be recorded in a deferral account for disposition in the context of the OPA's 2008 Revenue Requirement Submission.
3. It is also to be expected that there will be variances from forecast in relation to revenues. Consistent with the approach taken by the IESO, the OPA has proposed a volumetric usage fee applicable to Ontario electricity customers to recover its net operating costs. The OPA proposes that the fee be derived on the basis of the forecast which underpins the IESO's Ontario Reliability Outlook, Volume 1, Issue 2, released June 2006. Variances from this forecast will cause variances in the revenue recovered by way of the OPA's proposed usage fee.
4. The IESO has established a deferral account to capture cost or revenue variances from forecast. The OPA proposes that a 2007 Forecast Variance Deferral Account ("2007 FVDA") be established to capture revenue variances, for disposition in the context of the OPA's 2008 Revenue Requirement Submission. If the cost variance between actual 2006 expenses and the Board-approved revenue requirement for 2006 is not incorporated into the OPA's 2007 revenue requirement, the OPA

Filed: 2007-01-12  
EB-2006-0233  
Exhibit D  
Tab 3  
Schedule 4  
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proposes that this variance also be recorded in the 2007 FVDA, or such other deferral account as may be approved by the Board, for disposition in the context of the 2008 Revenue Requirement Submission.